

UNITED STATES SENATOR • IOWA

# CHUCK GRASSLEY

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Opening Statement of Sen. Chuck Grassley  
Hearing, "Retirement Security: Picking up the Enron Pieces"  
Wednesday, Feb. 27, 2002

Since the Enron and Global Crossing controversies erupted, I've been concerned about the larger consequences these bankruptcies have for retirement plans across the country. What we've learned about so far and will continue to explore are problems with manipulation of employer stock in retirement plans. Based on what we know, today I'm introducing legislation which I hope will enjoy wide support from members of both parties. Consequently I've looked at the issues of consensus and included them in my bill. They are:

- New diversification rules for company stock in plans.
- Improved disclosure prior to black-outs and clarification of fiduciary requirements.
- Parity between treatment of rank-and-file workers during a blackout and executive stock trading rights.
- Better information for participants through periodic benefit statements and retirement education and information.

I've spent a lot of years trying to help Americans save more money for retirement. In fact, Mr. Chairman, you and I introduced legislation only last year that made dramatic differences in people's ability to save for their retirement. That bill was enacted as a part of the tax relief bill that the President signed into law last June. So it's especially tragic that at both Enron and Global Crossing, workers lost so much retirement money, while top executives were lining their pockets with gold. I have Enron subsidiary employees in my state, so my interest is not just abstract.

The Internal Revenue Code gives substantial tax preferences to companies that sponsor retirement plans. In exchange, the plans have to be operated in compliance with the Code and the *Employee Retirement Income Security Act* (ERISA). This Committee has exclusive jurisdiction over the Code and over significant parts of ERISA. As a result, the Senate Finance Committee ought to take action and exercise its jurisdiction to guard against abuse.

One of our jobs is to exercise our oversight responsibility to see that strong enforcement programs are in place in the Treasury, the IRS and at the Labor Department. We have to make sure certain programs protect workers, the government and financial markets against manipulation and abuse.

(By the way, and speaking of the enforcement program at the Labor Department, I'm sorry that the Assistant Secretary for Pensions could not fit it into her schedule to appear before the Finance Committee. I think it would have added a lot to the hearing to have a representative of DOL here. )

In addition to oversight, our other job is to legislate. We have to make sure the laws do what we say they're supposed to do. These jobs of oversight and legislation must be carried out in the context of the voluntary retirement system.

Our responsibility to legislate is why I'm introducing the *National Employee Savings and Trust Equity Act*, NESTEG(G) for short. I think current law can be improved and so I took action. I did this because of what I believe may have been unfair restrictions on stock in retirement plans that ultimately cost some unsuspecting workers their retirement money -- money for which tax benefits were given.

But I've been criticized because of my efforts to be non-partisan. There are those who want to interject contentious issues in retirement legislation. I don't think that's the way we ought to go. I've included the items where I think there is general agreement, but where there isn't, I let that field lie fallow, so to speak.

I realize there have been discussions about preventing the Finance Committee from exercising its jurisdiction over retirement plans and handing the issue over to the Labor Committee. I know of no reason why we should cede our jurisdiction over retirement plans. I hope the Committee will move quickly to report legislation that will extend protections and tax penalties where they're needed, before there are more Enrons and Global Crossings and more dashed hopes for a secure retirement.